

**IDAHO BARLEY COMMISSION
MEETING MINUTES
OCTOBER 24, 2011, ABERDEEN, ID**

I. Roll Call – Vice Chairman Tim Dillin called the IBC meeting to order at 8:50 a.m. on Monday, October 24, 2011, at the ARS National Small Grains Germplasm Research Facility in Aberdeen, ID. **Attendees included:**

Tim Dillin, Vice Chairman & District I Commissioner
Dwight Little, District III Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator
Absent: Chairman Ron Elkin – Ron was excused from the meeting due to sugar beet harvest commitments.

Guests included: Clark Kauffman, IGPA President, Filer; ARS scientists - Dr. Mike Bonman, ARS Research Leader; Dr. Gongshe Hu, barley breeder; Dr. Eric Jackson, research molecular biologist; Dr. Phil Bregitzer, research geneticist; UI cereal agronomist Dr. Juliet Marshall; Capital Press reporter John O'Connell, Pocatello.

II. IBC Meeting Minutes

The minutes from the IBC's June 15-16, 2011 were reviewed. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the minutes for the June 15-16, 2011 IBC meeting as presented. The motion carried 3-0.**

III. IBC Election of Officers

Industry Representative Clay Kaasa made a unanimous consent motion to elect Tim Dillin, District I Commissioner, as IBC chairman in 2011/12 and Dwight Little, District III Commissioner, as Vice Chairman. The motion was agreed to.

IV. IBC Research

Dr. Mike Bonman, ARS Aberdeen Research Leader – Dr. Bonman gave a presentation on current ARS Aberdeen operations and FY 2012 budget constraints. This ARS facility currently manages \$6 million in federal agricultural research programs that involve 11 scientists (plus 1 vacancy) at Aberdeen, 2 scientists at Hagerman and 1 scientist at Bozeman, MT. A total of 50 full time employees support five separate research operations at Aberdeen, Hagerman and Bozeman. ARS is operating without a final appropriation in the current FY 2012, but has already taken a mandatory 1.5% rescission which has come out of operating funds.

Dr. Gongshe Hu, ARS research geneticist and new barley breeder – Dr. Hu was transferred last month from the Trout Grains Project to the Barley Germplasm Project. He is a Ph.D. research geneticist with a background in crop breeding. Dr. Hu provided an overview of the current malting barley germplasm in the Aberdeen breeding pipeline, including seven malting barley lines that are being pilot or plant scale tested by the American Malting Barley Association: 2row spring 17271 – plant scale; 2row spring 1084-27 –pilot scale; 6row spring 9663 – pilot scale; and 2row winter lines 431,669 and 671 – pilot scale . On food barleys, Dr. Hu spent considerable time explaining the significant advancement possible with his CM1 mutant that has nearly 16% beta-glucan content. Several F3 lines containing this mutant are currently being advanced. He emphasized challenges to the current Aberdeen barley breeding program: pass through funds from the Barley for Rural Development special research grant are

gone after this year and his technician who used to perform fiber quality analyses has retired and the position is under an ARS hiring freeze. He outlined his 2012 goals:

- Malting barley – winter habit (add testing location in Rigby in eastern ID) and utilization of low beta-glucan mutants.
- Food – winter habit, utilization of high beta-glucan mutants and expanded focus on other end-use traits besides fiber.
- Speed up breeding process by expanding use of the greenhouse to produce 2 plant generations per year.
- North Idaho testing nurseries are being evaluated for cost-effectiveness.

Dr. Hu made the following request for FY 2012 research funding support from the IBC (for the period October 2011 through June 30, 2012):

Technician - \$50,000

Chemical end use evaluations - \$5,000

New Zealand winter nursery - \$13,335

International travel \$4,000

Total request: \$72,335

Dr. Eric Jackson, ARS research molecular biologist – Dr. Jackson reported on the three-person (Jackson, Hu and IBC Administrator Kelly Olson) research and development tour of major Midwestern cereal food manufacturers on Oct. 9-13 to explore their interests in barley as a cereal food ingredient and discuss the exciting research developments at Aberdeen that will enable us to engineer better barley ingredients (not GMO) for their various food applications, including higher beta glucan and total fiber and much higher Vitamin E (tocotrienol) content that will improve product shelf life. Dr. Jackson emphasized that all three companies that we visited were excited about the future applications of food barley varieties that will contain these enhanced fiber and Vitamin E traits. He explained how the Aberdeen team is employing marker assisted selection (MAS) techniques that will greatly shorten the breeding cycle from the traditional 10-12 years to about 5 years. He outlined an aggressive action plan that he and Dr. Hu has developed in response to the company interests in having tester lines in the next 1-2 years to evaluate in their various applications. Dr. Jackson recommended that the IBC and ARS convene a meeting this winter with the interested companies to discuss a strategic approach to delivering on these research challenges and opportunities. The Administrator suggested and the board concurred that we pursue this proposed meeting with cereal food companies in conjunction with the Western Wheat Quality Council meeting scheduled January 18, 2012 in San Diego which would also coincide with two other important meetings taking place in San Diego that involve the IBC (T-CAP Industry Advisory Meeting on Jan. 15 and Next Generation Barley Varieties III on Jan. 16).

The Administrator proposed that IBC enter into a CRADA or Cooperative Research and Development Agreement with ARS with the goal of seeking a utility patent on the CM1 mutant. The board agreed this should be a priority and instructed the Administrator to work with ARS at Aberdeen and the Albany regional office to pursue a CRADA to ensure that the CM1 mutant remains available for the widest possible benefit for Idaho barley producers.

Dr. Jackson also discussed his work on genetic mapping of a malting barley line that was created by Dr. Obert (cross of Stellar, a North Dakota line with good enzymes, and 8219, an ARS elite line). He explained that he has transposed his molecular markers from this mapping population onto the sequenced rice genome to validate the genes that are responsible for certain malting quality traits. He reported that he had very positive feedback from the scientists at the ARS Malt Quality Lab during a meeting held on Oct. 11 as part of the recent food barley R&D tour. Industry Representative Clay Kaasa urged Dr. Jackson to share this information with the malting and brewing companies to get their feedback on which lines from this cross might be good candidates to advance. The Administrator offered to work with Drs. Jackson and Hu to

arrange a video meeting with key technical representatives from the malting and brewing industry, including Bruce French from Great Western Malting Co., Josh Butler, barley breeder from Busch Ag and Bob Brunick, barley breeder from MillerCoors.

After the lunch break, the IBC discussed the FY 2012 research funding request. They decided that it would be premature to move on the request for funding to support the technician but agreed to provide operating funds to ensure that the winter nursery is available in 2012. **A motion was made by Industry Representative Clay Kaasa, and seconded, to provide \$22,500 in research funds for the ARS barley breeding program in the current FY 2012. The motion carried 3-0.**

Dr. Phil Bregitzer, ARS research geneticist – Dr. Bregitzer was invited by the IBC to discuss what research capabilities and approaches are being used in Aberdeen genetics research to create GMO or transgenic barley. He outlined several key considerations:

- Customer acceptance.
- Reasonable cost.
- Performance particularly the dependability of the bioengineered genetic traits. Transgenic lines are known to have some issues with dependable gene expression. Emphasis should be on “clean genes” approach.

Dr. Bregitzer briefly explained two different scientific approaches to creating transgenic barley lines which are being explored by a handful of ARS scientists. These include: Ds-mediated gene delivery, an approach he has worked on for many years, and RCME or recombinase-mediated cassette exchange, which is being actively investigated by Dr. Jim Thomson at ARS Albany lab.

Dr. Juliet Marshall, UI cereal agronomist/pathologist – Dr. Marshall gave an overview of crop pest issues, including stripe rust and fusarium disease and wireworm pressures in the 2011 wheat crop. She noted that barley did not experience these same pressures which could be an advantage in planting barley in certain growing areas. Juliet reported on several ongoing research collaborations she has with ARS scientists and reported on her team’s effort to calibrate NIRS for beta-glucan analysis, which will be faster and cheaper than wet chemistry analysis.

Future funding needs of UI Ag Experiment Station – Aberdeen Superintendent Steve Love addressed the board on the need for increased funding support for agricultural research infrastructure at the UI’s seven experiment stations in Moscow, Parma, Caldwell, Kimberly, Aberdeen, Salmon and Tetonia. He noted that operations have been mothballed at Sandpoint and downsized at both Parma and Tetonia. He said the funding shortfalls are the result of 10 to 15 years of underfunding for farm staff salaries, facility maintenance and equipment replacement. Commissioner Little challenged the University of Idaho to communicate this story more effectively to both stakeholders and state legislators and urged the UI to focus on how much money is really needed to make these stations sustainable, rather than focusing on how much money everyone wishes they had. The Administrator reported that efforts are already underway to get this topic on a JFAC meeting scheduled in late November in Boise. She emphasized that stakeholders serving on the CALS Ag Experiment Station Advisory Committee had urged the UI administration to ensure that any new funding available from the state be allocated to improve operations at the various stations before beefing up specific research projects. Dr. Love also expressed his concern about allowing private company funding to be used to direct research at the ag experiment stations as it will take away from their core mission of providing third party independent research that is widely published in the public arena. Commissioner Little argued that private research funding may become increasingly necessary to help maintain and restore operating budgets at these research facilities and that the UI should be open to creative solutions to the funding challenges we face.

Regional barley research coordination – Later in the meeting, the board discussed its goals for our participation in the PNW regional barley research coordination meeting that is being spearheaded by the Washington Grains Commission at their Spokane office on November 15. The Administrator reported that the Washington Grains Commission appears to support a single regional barley research program that is jointly funded by the three states. She noted that Mike Davis from AMBA has weighed in with his opposition to collapsing the three states' barley breeding programs into a single research effort. The board concurred that it is not in barley's best interests to further reduce our barley research programs, but we should all pursue program efficiencies and collaborations wherever and whenever possible.

V. IBC Budget Report

Monthly check-off receipts, balance sheet and income statements -- The Administrator reviewed budget reports as of October 18, 2011, showing check-off receipts totaling \$62,728.73. Because we are in the middle of the first quarter tax reporting period, she noted that tax receipts had jumped to \$134,510.10 by Friday, October 21. The Administrator reviewed the IBC's balance sheet and income statement, showing assets at \$490,504.50; total income to date at \$62,924.85, which is 16.1% of the budgeted amount for the year; and expenses at \$103,277.21, which is 23.8% of the budgeted amount. Again, she noted that income has jumped significantly since the October 18 reports were generated. She noted two line item accounts are over budget and provided an explanation: trade team expenses (account 501.03) total \$4,277.84 compared to budget of \$2,500. She noted that we are awaiting reimbursement of \$1,292.29 from the US Grains Council, resulting in net costs of \$2,985.55. The additional costs are due to hosting three teams rather than the one to two teams we usually host each year. The second is the domestic barley special projects (account 510.03) which totals \$7,786.09 compared to the budget of \$5,000 (actual cost is \$8,329 because some bills have not yet been paid). She explained the higher costs were due to the \$6300 spent on airfare for three people to travel to four cities. The tickets were purchased within two weeks of the departure date due to difficulties getting the companies to commit to meeting dates. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the IBC financial report as presented. The motion carried 3-0.**

VI. IBC Administration

2011 Idaho barley crop report – The board reviewed the NASS production data for 2011 which pegs Idaho barley production at 46 million bushels, up 6% from last year. There was general discussion about Idaho becoming the leading barley producing state this year due to lower acres and difficult growing conditions in North Dakota. Montana's crop was highly variable but generally finished well. Industry Representative Clay Kaasa argued that actual production is likely to be higher after NASS resurveys Idaho because of the late harvest. He reported record yields on most dryland acres.

Barley check-off legislation in 2012 – Commissioner Dwight Little reported that he had participated in an IGPA Executive Board conference call recently in which possible legislation was discussed to increase both the barley and wheat assessments. Dwight indicated that IGPA leaders and lobbying staff felt the political climate was more conducive to consider such legislation in 2012 and that the Idaho Wheat Commission wanted to pursue a check-off increase. The board noted that the IBC's 2009 referendum vote on a proposed assessment increase (53% in favor and 47% opposed) had limited shelf life and that the proposed barley check-off legislation should be considered in the 2012 legislative session. **A motion was made by Commissioner Dwight Little, and seconded, to request that IGPA move forward on**

barley check-off legislation in 2012. The motion carried 3-0. Dwight will discuss these issues with the IGPA Executive Board and Full Board at their Nov. 7-8, 2011 meeting in Boise.

IBC involvement in the Institute for Barley and Malt Sciences (IBMS) – The Administrator reported that the IBMS held its fall board meeting on October 13 in Minneapolis. It was not possible for Clark Kauffman, Idaho's representative, to attend this meeting due to sugar beet harvest. Idaho continues to come under some criticism for not being a more active participant. Mike Davis, AMBA, suggested that IBC agree to hold an IBMS-sponsored grower educational forum in Idaho as a gesture of cooperation. The Administrator noted that Idaho holds several grower education events already, including the series of winter cereal schools held in nine locations across the state and IBC's many webinars and workshops on grain marketing and risk management. She said we could easily hold an IBMS workshop but it would ultimately compete with one of our already established educational programs. The board agreed that it did not make sense to duplicate already planned and highly regarded grower education programs offered by the IBC and University of Idaho. The board agreed to name Chairman Tim Dillin to be our new representative on the IBMS.

IBC personnel leave policies – The Administrator reviewed existing IBC personnel policies that govern how employees accrue vacation, sick and comp time. There were no changes made to existing policies.

IBC audit – The Administrator reported there were no material findings in the FY 2011 audit. Formal audit reports will be published and transmitted to state and legislative leaders later this month.

VII. IBC Program Review

U.S. malting and brewing industry report – Industry Representative Clay Kaasa gave an overview of current market conditions in the domestic beer industry, noting that while overall sales continue to slide, craft beer sales continue to climb (up 9-15% this year) which should keep western U.S. barley producers and maltsters in good competitive position. He reported on other issues in the industry, including the possible end of the Canadian Wheat Board monopoly in trading barley and possible brewing mergers in the next year.

U.S. Grains Council report – The board reviewed highlights from the three trade team visits to Idaho in September that were sponsored by the US Grains Council: Japanese feed and food barley team that visited Spokane, Coeur d'Alene and Bonners Ferry on Sept. 9-10 including a farm tour and dinner with Commissioner Dillin and his wife Julie. The team reported this farm visit was a "once in a lifetime" event. A malting barley team from three Central American and Caribbean countries visited eastern Idaho on Sept 19-21 (Guatemala, Nicaragua and Dominican Republic). This team reported they had an excellent meeting with Great Western about supplying malt from the Vancouver plant in future years when their existing malt supply agreements expire. These companies currently source most of their malt from Europe. The final team visit was a group from Grupo Modelo, Mexico City, who visited Idaho Falls, Pocatello and Aberdeen on Sept. 20-22. Modelo has ongoing business interests in Idaho, including joint venture operation of InteGrow's 7 million bu malt plant in Idaho Falls.

Winter feed barley production campaign – The Administrator provided a brief overview of the new campaign the IBC initiated with feed grain suppliers J.D. Heiskell and Rangen to stimulate more feed barley production in south central Idaho, a feed deficit region. The focus of this campaign is to promote winter feed barley production and consisted of a direct mail piece that was financially supported by these two feed

manufacturers. Seed dealers report that they saw an increase in winter barley seed sales in September.

National Barley Growers Association report – Commissioner Dwight Little reported on current priorities of the NBGA which include the federal budget and farm bill debate. He emphasized the need to continue supporting the NBGA financially.

Idaho Grain Producers Association report – IGPA President Clark Kauffman reported on several priority issues and activities, including:

- **Federal budget cuts and the 2012 farm bill** – Clark noted that the chairmen and co-chairmen of the House and Senate Agriculture Committees have officially pledged \$23 billion in federal budget savings over 10 years (transmitted by letter to the Select Commission on Deficit Reduction which is charged with coming up with \$1.2 trillion in savings by the end of November). He also noted that NAWG had endorsed most provisions of National Corn Growers' proposal to move toward a more comprehensive revenue assurance program that will eliminate direct payments, counter-cyclical payments, ACRE and SURE, with some caveats.
- **NBGA newsletter** was published by President Scott Brown and IGPA business office this month.
- **Tri-state convention scheduled Nov. 16-18 in Spokane** - planning is coming along well. He noted that the barley workshop would take place at 7:00 am on Thursday, November 17.
- **Three bilateral trade agreements with Colombia, Panama and South Korea were finally approved by Congress and signed into law on October 22.** Clark raised concerns about the possibility of delayed implementation. The Administrator explained that the free trade pacts don't come into force until after January 2012, per the legislation, and the President must first certify that the other trading partner is in compliance with its obligations under the agreement. She noted that the South Korean parliament has not yet passed the KORUS agreement.

Barley crop insurance developments– The Administrator reported on IBC's ongoing strategies to improve barley crop insurance for Idaho producers, including:

- Very successful effort by IBC and AMBA to change the conversion factor that the USDA Risk Management Agency uses to determine the feed barley price guarantee – changed from .854 in 2010 to .919 in 2011 which resulted in a feed barley price guarantee of \$5.93. This factor will be .903 in 2012. We owe considerable gratitude to the RMA Spokane Regional Office for their tremendous help in securing this change in the conversion formula.
- We worked with RMA Spokane and Kansas City to get some changes to the Specialty Type Barley Insurance policy (which IBC developed in 2006) which will allow for coverage when total acreage of the specialty type of malting or food barley exceeds the contracted amount.
- We worked with RMA Spokane to add seven more counties to the winter barley coverage for a total of 10 counties now covered in Idaho.
- We continue to work with RMA Spokane on both insurance agent and grower education on the variety of barley insurance products.
- We have requested RMA Spokane regional office conduct an official review of barley T-yields in the PNW region. They have agreed to conduct this review for barley in 2013. This issue was raised by IGPA Vice President Joe Anderson to assist growers with their insurance coverage in north Idaho who do not have barley APHs established and are put at an insurance disadvantage.

IBC grain marketing and risk management education – The Administrator reported on our 2011/12 risk management education project which was funded at \$15,000 by the Western Center for Risk Management Education at WSU. Program elements include:

- **Sept. 7 webinar** by Kelly Olson on “Grain Market Outlook and Strategies for 2012 Malting Barley Contract Pricing.”
- **Nov. 9 webinar** by Craig Corbett on “How to Adjust Malting Barley / Wheat Marketing Strategies in Volatile Grain Markets.”
- **Nov. 28 – webinar** by Bryce Knorr, Farm Futures on “How to Hedge your Farm Energy Inputs.”
- **Dec. 6 – Grain Marketing & Risk Management Workshop by Dr. Art Barnaby, Pocatello Red Lion Hotel**

Southern/Eastern Idaho Extension –

- Series of Six Farm & Ranch Management Classes in Burley, Jerome, Pocatello/American Falls, Rexburg
- Additional training in Burley and Idaho Falls on Farm Management Tools (computerized tools), Estate Planning, Grain Marketing, Managing Production Costs (precision ag and irrigation management).

North Idaho Extension –

- Business/Succession Planning Short Courses in minimum of two locations.

Calendar / Travel Authorizations – The board reviewed the calendar and travel authorizations for the period January through March 2012. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the following travel requests:**

- **Commissioner Tim Dillin and Administrator to participate in possible NBFC strategic planning meeting in Fargo, ND.**
- **Administrator to attend TCAP (Barley and Wheat Genomics) Research / Industry Liaison Meeting on Jan. 15, 2012 in San Diego, CA (travel funded by TCAP).**
- **Administrator and two commissioners (Dwight and Tim) to attend Next Generation Barley Varieties III Meeting and a possible food barley meeting with cereal food companies on Jan. 16-17 in San Diego, CA**
- **Industry Representative Clay Kaasa and Administrator to participate in US Grains Council’s International Marketing Conference, along with Commissioner Ron Elkin, on Feb. 13-16 in Panama City, Panama.**
- **Commissioner Tim Dillin and Administrator to participate in our Asian Food Barley Technical Short Course scheduled March 6-9 at Wheat Marketing Center in Portland, OR.**

The motion carried 3-0.

A final motion was made by Commissioner Dwight Little, and seconded, to approve all acts and transactions of the October 24, 2011 IBC meeting. The motion carried 3-0.

With no other business, the IBC meeting was adjourned by Chairman Tim Dillin at 5:06 p.m.

Tim Dillin, Chairman

Date

**IBC MEETING
OCTOBER 24, 2011
MOTIONS PASSED**

1. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the minutes for the June 15-16, 2011 IBC meeting as presented. The motion carried 3-0.
2. Industry Representative Clay Kaasa made a unanimous consent motion to elect Tim Dillin, District I Commissioner, as IBC chairman in 2011/12 and Dwight Little, District III Commissioner, as Vice Chairman.
3. A motion was made by Industry Representative Clay Kaasa, and seconded, to provide \$22,500 in research funds for the ARS barley breeding program in the current FY 2012. The motion carried 3-0.
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